

SENATE BILL 343

P1, P2, P3

(2lr1336)

ENROLLED BILL

— *Education, Health, and Environmental Affairs and Budget and Taxation/Health and Government Operations* —

Introduced by **Senators Pugh, Benson, Conway, Forehand, Gladden, Jones-Rodwell, Kelley, King, McFadden, Montgomery, Muse, Peters, Ramirez, Raskin, and Rosapepe**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

President.

CHAPTER _____

1 AN ACT concerning

2 **State Government – Brokerage and Investment Management Services – Use**
3 **of Minority Business Enterprises – Application**

4 FOR the purpose of making certain additional State units that are responsible for the
5 management of certain funds subject to the requirements under current law
6 that are already applicable to certain units concerning the use of certain
7 minority business enterprise brokerage and investment services firms;
8 specifying that a certain annual report that must be submitted to the Governor
9 and the General Assembly by all of the units that are subject to the minority
10 business enterprise brokerage and investment services firm requirements
11 include diversity information concerning brokerage and investment
12 management services firms in all allocated asset classes; and generally relating

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber/conference committee amendments.



1 to the use of minority business enterprise brokerage and investment
2 management services firms for certain purposes by certain State units.

3 BY repealing and reenacting, without amendments,
4 Article 95 – Treasurer
5 Section 22G(a), (b), (h), and (j)
6 Annotated Code of Maryland
7 (2010 Replacement Volume and 2011 Supplement)

8 BY repealing and reenacting, without amendments,
9 Article – Economic Development
10 Section 14–102
11 Annotated Code of Maryland
12 (2008 Volume and 2011 Supplement)

13 BY adding to
14 Article – Economic Development
15 Section 14–103
16 Annotated Code of Maryland
17 (2008 Volume and 2011 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – Economic Development
20 Section 14–103
21 Annotated Code of Maryland
22 (2008 Volume and 2011 Supplement)

23 BY adding to
24 Article – Education
25 Section 11–1001 and the new subtitle “Subtitle ~~44~~ 10. Use of Minority Business
26 Enterprises for Brokerage and Investment Management Services”
27 Annotated Code of Maryland
28 (2008 Replacement Volume and 2011 Supplement)

29 BY adding to
30 Article – Housing and Community Development
31 Section 4–501.1
32 Annotated Code of Maryland
33 (2006 Volume and 2011 Supplement)

34 BY repealing and reenacting, with amendments,
35 Article – Insurance
36 Section 20–303
37 Annotated Code of Maryland
38 (2011 Replacement Volume)

39 BY repealing and reenacting, with amendments,

1 Article – Labor and Employment
 2 Section 10–122
 3 Annotated Code of Maryland
 4 (2008 Replacement Volume and 2011 Supplement)

5 BY repealing and reenacting, with amendments,
 6 Article – State Finance and Procurement
 7 Section 6–222
 8 Annotated Code of Maryland
 9 (2009 Replacement Volume and 2011 Supplement)

10 ~~BY adding~~
 11 ~~Article – State Finance and Procurement~~
 12 ~~Section 14–306~~
 13 ~~Annotated Code of Maryland~~
 14 ~~(2009 Replacement Volume and 2011 Supplement)~~

15 BY repealing and reenacting, with amendments,
 16 Article – State Personnel and Pensions
 17 Section 21–116
 18 Annotated Code of Maryland
 19 (2009 Replacement Volume and 2011 Supplement)

20 BY repealing and reenacting, with amendments,
 21 Article – State Personnel and Pensions
 22 Section 35–302
 23 Annotated Code of Maryland
 24 (2009 Replacement Volume and 2011 Supplement)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 26 MARYLAND, That the Laws of Maryland read as follows:

27 **Article 95 – Treasurer**

28 22G.

29 (a) (1) There is a Local Government Investment Pool. The Local
 30 Government Investment Pool consists of the aggregate of all funds from local
 31 governments that are placed in the custody of the State and any funds of the State
 32 that are placed in the Local Government Investment Pool by the Treasurer for
 33 investment and reinvestment.

34 (2) The investment policies for the Local Government Investment Pool
 35 shall be established by the Treasurer.

1 (3) The Treasurer shall administer the Local Government Investment
2 Pool on behalf of the participating local governments and, to the extent that State
3 funds are included, on behalf of the State.

4 (4) The Treasurer shall develop such procedures necessary for the
5 efficient administration of the Pool, including:

6 (i) Specification of minimum amounts which may be deposited
7 in the Pool and minimum periods of time for which deposits shall be retained in the
8 Pool;

9 (ii) Payment of amounts equivalent to administrative expenses
10 from the earnings of the Pool; and

11 (iii) Distribution of the earnings in excess of expenses, or
12 allocation of losses, to the several participants in a manner which equitably reflects
13 the differing amount of their respective investments and the differing periods of time
14 for which the amounts were in the custody of the Pool.

15 (b) (1) The Treasurer shall invest moneys in the Local Government
16 Investment Pool in accordance with the provisions set forth in §§ 6–222 and 6–223 of
17 the State Finance and Procurement Article.

18 (2) Notwithstanding any provisions of law to the contrary or any
19 limitation or restriction contained in any other law, the Treasurer may invest, redeem,
20 sell, exchange, and reinvest moneys in the Local Government Investment Pool in
21 bankers' acceptances guaranteed by banking institutions.

22 (h) (1) Subject to the objectives and requirements of this section, the
23 Treasurer shall formulate procedures for the investment and reinvestment of funds in
24 the Investment Pool and the acquisition, retention, management, and disposition of
25 investments of the Investment Pool.

26 (2) (i) The Treasurer may enter into a contractual agreement with
27 a qualified Maryland fiscal agent and may compensate the agent for services rendered.

28 (ii) The agent may perform investment and administrative
29 services which the Treasurer is authorized by this section to perform.

30 (j) For the purposes of this section, "local government" includes all of the
31 legal entities, bodies, and agencies set out in § 22 of this article and local government
32 insurance pools formed under Title 19, Subtitle 6 of the Insurance Article, but does not
33 include the State and agencies of the State.

34 **Article – Economic Development**

1 The Department, the Maryland State Office of Minority Business Enterprise,
2 the Division of Labor and Industry of the Department of Labor, Licensing, and
3 Regulation, and the Public Service Commission shall summarize their efforts to
4 promote the policies related to broadening the ownership of capital in their respective
5 annual reports as required by law.

6 **14-103.**

7 **(A) THE DEPARTMENT SHALL ATTEMPT TO USE TO THE GREATEST**
8 **EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE**
9 **AND INVESTMENT MANAGEMENT SERVICES FOR ANY FUND ESTABLISHED**
10 **UNDER THIS ARTICLE CONSISTENT WITH MINORITY BUSINESS PURCHASING**
11 **STANDARDS APPLICABLE TO UNITS OF STATE GOVERNMENT UNDER THE STATE**
12 **FINANCE AND PROCUREMENT ARTICLE AND CONSISTENT WITH THE FIDUCIARY**
13 **DUTIES OF THE DEPARTMENT.**

14 **(B) FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND**
15 **INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO**
16 **ALL ALLOCATED ASSET CLASSES.**

17 **(C) (1) TO ASSIST THE DEPARTMENT IN ACHIEVING THE GOAL**
18 **DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT**
19 **SHALL UNDERTAKE MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL**
20 **PARTICIPATION BY MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND**
21 **INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY ANY**
22 **FUND ESTABLISHED UNDER THIS ARTICLE.**

23 **(2) THE MEASURES UNDERTAKEN BY THE DEPARTMENT SHALL**
24 **INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE**
25 **DEPARTMENT'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED**
26 **RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT**
27 **MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS ARTICLE.**

28 **(D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY**
29 **AFFAIRS, THE DEPARTMENT SHALL DEVELOP GUIDELINES TO ASSIST IT IN**
30 **IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS ENTERPRISES**
31 **IN ORDER TO HELP IT ACHIEVE THE OBJECTIVE FOR GREATER USE OF**
32 **MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND INVESTMENT**
33 **MANAGEMENT SERVICES UNDER THIS ARTICLE.**

34 **(E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE DEPARTMENT**
35 **SHALL SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS**

1 AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE
2 GENERAL ASSEMBLY ON:

3 (1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE
4 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY ANY
5 FUND ESTABLISHED UNDER THIS ARTICLE IN THE IMMEDIATELY PRECEDING
6 FISCAL YEAR;

7 (2) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS UNDER
8 THE CUSTODY OF EACH ENTITY THAT ARE UNDER THE INVESTMENT CONTROL
9 OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND INVESTMENT
10 MANAGEMENT SERVICES FIRMS IN EACH ALLOCATED ASSET CLASS; AND

11 (3) THE MEASURES THE ENTITY UNDERTOOK IN THE
12 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH SUBSECTION
13 (C)(2) OF THIS SECTION.

14 [14-103.] 14-104.

15 This subtitle may be cited as the Broadened Ownership Act.

16 **Article – Education**

17 **SUBTITLE ~~11~~ 10. USE OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE**
18 **AND INVESTMENT MANAGEMENT SERVICES.**

19 **11-1001.**

20 (A) THE COMMISSION SHALL ATTEMPT TO USE TO THE GREATEST
21 EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE
22 AND INVESTMENT MANAGEMENT SERVICES TO THE COMMISSION FOR ANY FUND
23 ESTABLISHED UNDER THIS DIVISION III CONSISTENT WITH MINORITY BUSINESS
24 PURCHASING STANDARDS APPLICABLE TO UNITS OF STATE GOVERNMENT
25 UNDER THE STATE FINANCE AND PROCUREMENT ARTICLE AND CONSISTENT
26 WITH THE FIDUCIARY DUTIES OF THE COMMISSION.

27 (B) FOR PURPOSES OF THIS SECTION, BROKERAGE AND INVESTMENT
28 MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO ALL
29 ALLOCATED ASSET CLASSES.

30 (C) (1) TO ASSIST THE COMMISSION IN ACHIEVING THE GOAL
31 DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION, THE COMMISSION SHALL
32 UNDERTAKE MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL
33 PARTICIPATION BY MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND

1 INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE
2 COMMISSION FOR ANY FUND ESTABLISHED UNDER THIS DIVISION III.

3 (2) THE MEASURES UNDERTAKEN BY THE COMMISSION SHALL
4 INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE
5 COMMISSION'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED RANGE
6 OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT
7 MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE COMMISSION.

8 (D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY
9 AFFAIRS, THE COMMISSION SHALL DEVELOP GUIDELINES TO ASSIST THE
10 COMMISSION IN IDENTIFYING AND EVALUATING QUALIFIED MINORITY
11 BUSINESS ENTERPRISES IN ORDER TO HELP THE COMMISSION ACHIEVE THE
12 OBJECTIVE FOR GREATER USE OF MINORITY BUSINESS ENTERPRISES FOR
13 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FOR ANY FUND
14 ESTABLISHED UNDER THIS DIVISION III.

15 (E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE COMMISSION SHALL
16 SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS AND,
17 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
18 ASSEMBLY ON:

19 (1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE
20 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY THE
21 COMMISSION IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

22 (2) THE PERCENTAGE AND DOLLAR VALUE OF THE
23 COMMISSION'S ASSETS IN ANY FUND ESTABLISHED UNDER THIS ARTICLE THAT
24 ARE UNDER THE INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE
25 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS IN EACH
26 ALLOCATED ASSET CLASS; AND

27 (3) THE MEASURES THE COMMISSION UNDERTOOK IN THE
28 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH SUBSECTION
29 (C)(2) OF THIS SECTION.

30 Article - Housing and Community Development

31 4-501.1.

32 (A) THE DEPARTMENT SHALL ATTEMPT TO USE TO THE GREATEST
33 EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE
34 AND INVESTMENT MANAGEMENT SERVICES TO THE DEPARTMENT FOR THE
35 FUNDS ESTABLISHED UNDER THIS SUBTITLE CONSISTENT WITH MINORITY

1 BUSINESS PURCHASING STANDARDS APPLICABLE TO UNITS OF STATE
2 GOVERNMENT UNDER THE STATE FINANCE AND PROCUREMENT ARTICLE AND
3 CONSISTENT WITH THE FIDUCIARY DUTIES OF THE DEPARTMENT.

4 (B) FOR PURPOSES OF THIS SECTION, BROKERAGE AND INVESTMENT
5 MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO ALL
6 ALLOCATED ASSET CLASSES.

7 (C) (1) TO ASSIST THE DEPARTMENT IN ACHIEVING THE GOAL
8 DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT
9 SHALL UNDERTAKE MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL
10 PARTICIPATION BY MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND
11 INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE
12 DEPARTMENT FOR THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.

13 (2) THE MEASURES UNDERTAKEN BY THE DEPARTMENT SHALL
14 INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE
15 DEPARTMENT'S WEB SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED
16 RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT
17 MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE DEPARTMENT FOR
18 THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.

19 (D) IN CONJUNCTION WITH THE GOVERNOR'S OFFICE OF MINORITY
20 AFFAIRS, THE DEPARTMENT SHALL DEVELOP GUIDELINES TO ASSIST IT IN
21 IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS ENTERPRISES
22 IN ORDER TO HELP THE DEPARTMENT ACHIEVE THE OBJECTIVE FOR GREATER
23 USE OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND INVESTMENT
24 MANAGEMENT SERVICES FOR THE FUNDS ESTABLISHED UNDER THIS SUBTITLE.

25 (E) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE DEPARTMENT
26 SHALL SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS
27 AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE
28 GENERAL ASSEMBLY ON:

29 (1) THE IDENTITY OF THE MINORITY BUSINESS ENTERPRISE
30 BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS USED BY THE
31 DEPARTMENT IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

32 (2) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS IN THE
33 FUNDS ESTABLISHED UNDER THIS SUBTITLE THAT ARE UNDER THE
34 INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND
35 INVESTMENT MANAGEMENT SERVICES FIRMS IN EACH ALLOCATED ASSET
36 CLASS; AND

1 to remove any barriers that limit full participation by minority business enterprises in
2 brokerage and investment management services opportunities afforded by the Fund.

3 (ii) The measures undertaken by the financial management
4 committee shall include the use of a wide variety of media, including the Fund's Web
5 site, to provide notice to a broad and varied range of potential providers about the
6 brokerage and investment management services opportunities afforded by the Fund.

7 (3) In conjunction with the Governor's Office of Minority Affairs, the
8 financial management committee shall develop guidelines to assist the committee in
9 identifying and evaluating qualified minority business enterprises in order to help the
10 Fund achieve the objective for greater use of minority business enterprises for
11 brokerage and investment management services.

12 (4) On or before September 1 each year, the financial management
13 committee shall submit a report to the Governor's Office of Minority Affairs and,
14 subject to § 2-1246 of the State Government Article, the General Assembly on:

15 (i) the identity of the minority business enterprise brokerage
16 and investment management services firms used by the financial management
17 committee in the immediately preceding fiscal year;

18 (ii) the percentage and dollar value of the Fund assets that are
19 under the investment control of minority business enterprise brokerage and
20 investment management services firms **IN EACH ALLOCATED ASSET CLASS**; and

21 (iii) the measures the financial management committee
22 undertook in the immediately preceding fiscal year in accordance with paragraph
23 (2)(ii) of this subsection.

24 **Article – Labor and Employment**

25 10-122.

26 (a) Consistent with minority business purchasing standards applicable to
27 units of State government under the State Finance and Procurement Article and
28 consistent with the fiduciary duties of the Board, the Board shall attempt to use to the
29 greatest extent feasible minority business enterprises to provide brokerage and
30 investment management services to the Board.

31 (b) For purposes of this section, brokerage and investment management
32 services shall include services relating to all allocated asset classes.

33 (c) (1) To assist it in achieving the goal described under subsection (a) of
34 this section, the Board shall undertake measures to remove any barriers that limit full
35 participation by minority business enterprises in brokerage and investment
36 management services opportunities afforded by the Fund.

1 (2) The measures undertaken by the Board shall include the use of a
2 wide variety of media, including the Board's website, to provide notice to a broad and
3 varied range of potential providers about the brokerage and investment management
4 services opportunities afforded by the Fund.

5 (d) In conjunction with the Governor's Office of Minority Affairs, the Board
6 shall develop guidelines to assist it in identifying and evaluating qualified minority
7 business enterprises in order to help the Fund achieve the objective for greater use of
8 minority business enterprises for brokerage and investment management services.

9 (e) On or before September 1 each year, the Board shall submit a report to
10 the Governor's Office of Minority Affairs and, subject to § 2-1246 of the State
11 Government Article, the General Assembly on:

12 (1) the identity of the minority business enterprise brokerage and
13 investment management services firms used by the Board in the immediately
14 preceding fiscal year;

15 (2) the percentage and dollar value of the Fund assets that are under
16 the investment control of minority business enterprise brokerage and investment
17 management services firms **IN EACH ALLOCATED ASSET CLASS**; and

18 (3) the measures the Board undertook in the immediately preceding
19 fiscal year in accordance with subsection (c)(2) of this section.

20 **Article – State Finance and Procurement**

21 6-222.

22 (a) The Treasurer may invest or reinvest unexpended or surplus money over
23 which the Treasurer has custody in:

24 (1) an obligation for which the United States has pledged its faith and
25 credit for the payment of the principal and interest;

26 (2) an obligation that a federal agency or a federal instrumentality has
27 issued in accordance with an act of Congress;

28 (3) a repurchase agreement collateralized in an amount not less than
29 102% of the principal amount by an obligation of the United States, its agencies or
30 instrumentalities, provided the collateral is held by a custodian other than the seller
31 designated by the buyer;

32 (4) bankers' acceptances guaranteed by a financial institution with a
33 short-term debt rating in the highest letter and numerical rating by at least one

1 nationally recognized statistical rating organization as designated by either the
2 United States Securities and Exchange Commission or the Treasurer;

3 (5) with respect to amounts treated by the Internal Revenue Service
4 as bond sale proceeds only, bonds, notes, or other obligations of investment grade in
5 the highest quality letter and numerical rating by at least one nationally recognized
6 statistical rating organization as designated by the United States Securities and
7 Exchange Commission issued by or on behalf of this or any other state or any agency,
8 department, county, municipal or public corporation, special district, authority, or
9 political subdivision thereof, or in any fund or trust that invests only in securities of
10 the type described in this paragraph;

11 (6) commercial paper that has received the highest letter and
12 numerical rating by at least two nationally recognized statistical rating organizations
13 as designated by the United States Securities and Exchange Commission, provided
14 that such commercial paper may not exceed 10% of the total investments made by the
15 Treasurer under this subsection;

16 (7) money market mutual funds that:

17 (i) are registered with the Securities and Exchange
18 Commission under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as
19 amended;

20 (ii) are operated in accordance with Rule 2A-7 of the
21 Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended; and

22 (iii) have received the highest possible rating from at least one
23 nationally recognized statistical rating organization as designated by the United
24 States Securities and Exchange Commission; and

25 (8) any investment portfolio created under the Maryland Local
26 Government Investment Pool defined under Article 95, § 22G of the Code that is
27 administered by the Office of the State Treasurer.

28 (b) The Treasurer may sell, redeem, or exchange an investment or
29 reinvestment made under this section in accordance with the limitations of this
30 section.

31 (c) Subject to § 2-1246 of the State Government Article, the Treasurer shall
32 report by January 3 of each year to the General Assembly on investment activities for
33 unexpended or surplus money over which the Treasurer has custody which have been
34 conducted during the previous fiscal year. At a minimum, the report shall specify for
35 General Fund investments and all other investments:

36 (1) the inventory of investments with maturity dates and the book and
37 market value as of June 30;

1 (2) the net income earned;

2 (3) the percentage share of each category of investment in the
3 portfolio; and

4 (4) any sale of investments prior to the maturity date.

5 (d) An investment made pursuant to this section shall be made:

6 (1) with the care, skill, prudence, and diligence under the
7 circumstances then prevailing that a prudent person acting in a like capacity and
8 familiar with such matters would use in the conduct of an enterprise of a like
9 character and with like aims;

10 (2) in a manner designed to reasonably match the anticipated cash
11 flow of the State so that sufficient funds are available to pay obligations upon proper
12 presentation for payment;

13 (3) so that a reasonable amount of cash or cash equivalents is
14 available for unanticipated cash needs;

15 (4) with due regard for minimizing risk while maximizing return;

16 (5) using competitive purchasing practices except when impractical;

17 (6) in accordance with a written investment policy;

18 (7) so that the securities and collateral may continue to be priced on a
19 market to market basis; and

20 (8) to avoid the enhancement of the personal financial position of the
21 Treasurer or any employee of the Treasurer who has responsibilities for such
22 investments.

23 (e) (1) (i) Consistent with minority business purchasing standards
24 applicable to units of State government under this article and consistent with the
25 fiduciary duties of the Treasurer, the Treasurer shall attempt to use to the greatest
26 extent feasible minority business enterprises for brokerage and investment
27 management services under this section.

28 (ii) For purposes of this subsection, brokerage and investment
29 management services shall include services relating to all allocated asset classes as
30 described in subsection (a) of this section.

31 (2) (i) To assist the Treasurer in achieving the goal described
32 under paragraph (1) of this subsection, the Treasurer shall undertake measures to

1 remove any barriers that limit full participation by minority business enterprises in
2 brokerage and investment management services opportunities afforded under this
3 section.

4 (ii) The measures undertaken by the Treasurer shall include the
5 use of a wide variety of media, including the Treasurer's website, to provide notice to a
6 broad and varied range of potential providers about the brokerage and investment
7 management services opportunities afforded by the Treasurer.

8 (3) In conjunction with the Governor's Office of Minority Affairs, the
9 Treasurer shall develop guidelines to assist in identifying and evaluating qualified
10 minority business enterprises in order to help the Treasurer achieve the objective for
11 greater use of minority business enterprises for brokerage and investment
12 management services under this section.

13 (4) On or before September 1 each year, the Treasurer shall submit a
14 report to the Governor's Office of Minority Affairs and, subject to § 2-1246 of the State
15 Government Article, the General Assembly on:

16 (i) the identity of the minority business enterprise brokerage
17 and investment management services firms used by the Treasurer in the immediately
18 preceding fiscal year;

19 (ii) the percentage and dollar value of the assets under the
20 custody of the Treasurer that are under the investment control of minority business
21 enterprise brokerage and investment management services firms **FOR EACH**
22 **ALLOCATED ASSET CLASS**; and

23 (iii) the measures the Treasurer undertook in the immediately
24 preceding fiscal year in accordance with paragraph (2)(ii) of this subsection.

25 ~~14-306.~~

26 ~~(A) (1) THIS SECTION APPLIES TO:~~

27 ~~(I) THE STATE TREASURER IN ACCORDANCE WITH § 6-222~~
28 ~~OF THIS ARTICLE;~~

29 ~~(II) THE DEPARTMENT OF ECONOMIC AND COMMUNITY~~
30 ~~DEVELOPMENT IN ACCORDANCE WITH § 14-103 OF THE ECONOMIC~~
31 ~~DEVELOPMENT ARTICLE;~~

32 ~~(III) THE MARYLAND HIGHER EDUCATION COMMISSION IN~~
33 ~~ACCORDANCE WITH § 11-1001 OF THE EDUCATION ARTICLE;~~

1 ~~(IV) THE DEPARTMENT OF HOUSING AND COMMUNITY~~
2 ~~DEVELOPMENT IN ACCORDANCE WITH § 4-501.1 OF THE HOUSING AND~~
3 ~~COMMUNITY DEVELOPMENT ARTICLE;~~

4 ~~(V) THE MARYLAND INSURANCE FUND IN ACCORDANCE~~
5 ~~WITH § 20-303 OF THE INSURANCE ARTICLE;~~

6 ~~(VI) THE INJURED WORKERS INSURANCE FUND IN~~
7 ~~ACCORDANCE WITH § 10-122 OF THE LABOR AND EMPLOYMENT ARTICLE; AND~~

8 ~~(VII) THE STATE RETIREMENT AND PENSION SYSTEM IN~~
9 ~~ACCORDANCE WITH §§ 21-116 AND 35-302 OF THE STATE PERSONNEL AND~~
10 ~~PENSIONS ARTICLE.~~

11 ~~(2) IN ADDITION TO THE UNITS LISTED IN PARAGRAPH (1) OF~~
12 ~~THIS SUBSECTION, THIS SECTION APPLIES TO ANY OTHER STATE UNIT~~
13 ~~DESIGNATED BY THE BOARD OF PUBLIC WORKS AND WITH RESPONSIBILITY~~
14 ~~FOR THE MANAGEMENT OF FUNDS ENTRUSTED TO THE UNIT.~~

15 ~~(B) (1) (I) A UNIT SUBJECT TO THIS SECTION SHALL ATTEMPT TO~~
16 ~~USE TO THE GREATEST EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO~~
17 ~~PROVIDE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES TO THE UNIT~~
18 ~~CONSISTENT WITH MINORITY BUSINESS PURCHASING STANDARDS APPLICABLE~~
19 ~~TO UNITS OF STATE GOVERNMENT UNDER THIS TITLE AND CONSISTENT WITH~~
20 ~~THE FIDUCIARY DUTIES OF THE UNIT.~~

21 ~~(II) FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND~~
22 ~~INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO~~
23 ~~ALL ALLOCATED ASSET CLASSES.~~

24 ~~(2) (I) TO ASSIST A UNIT IN ACHIEVING THE GOAL DESCRIBED~~
25 ~~UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE UNIT SHALL UNDERTAKE~~
26 ~~MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL PARTICIPATION BY~~
27 ~~MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND INVESTMENT~~
28 ~~MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS SUBTITLE.~~

29 ~~(II) THE MEASURES UNDERTAKEN BY THE UNIT SHALL~~
30 ~~INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE UNIT'S WEB~~
31 ~~SITE, TO PROVIDE NOTICE TO A BROAD AND VARIED RANGE OF POTENTIAL~~
32 ~~PROVIDERS ABOUT THE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES~~
33 ~~OPPORTUNITIES AFFORDED BY THE UNIT.~~

34 ~~(3) IN CONSULTATION WITH THE GOVERNOR'S OFFICE OF~~
35 ~~MINORITY AFFAIRS, A UNIT SHALL DEVELOP GUIDELINES TO ASSIST THE UNIT~~

~~1 IN IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS
2 ENTERPRISES IN ORDER TO HELP THE UNIT ACHIEVE THE OBJECTIVE FOR
3 GREATER USE OF MINORITY BUSINESS ENTERPRISES FOR BROKERAGE AND
4 INVESTMENT MANAGEMENT SERVICES.~~

~~5 (4) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE UNIT SHALL
6 SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS AND,
7 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
8 ASSEMBLY ON:~~

~~9 (I) THE IDENTITY OF THE MINORITY BUSINESS
10 ENTERPRISE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS
11 USED BY THE UNIT IN THE IMMEDIATELY PRECEDING FISCAL YEAR;~~

~~12 (II) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS
13 THAT ARE UNDER THE CONTROL OF THE UNIT THAT ARE UNDER THE
14 INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND
15 INVESTMENT MANAGEMENT SERVICES FIRMS FOR EACH ALLOCATED ASSET
16 CLASS; AND~~

~~17 (III) THE MEASURES THE UNIT UNDERTOOK IN THE
18 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH PARAGRAPH
19 (2)(I) OF THIS SUBSECTION.~~

20 Article – State Personnel and Pensions

21 21-116.

22 (a) By resolution, the Board of Trustees shall specify the powers of the
23 Investment Committee.

24 (b) The Investment Committee shall advise the Board of Trustees and make
25 recommendations on:

26 (1) the investment programs;

27 (2) compliance of the investment programs with the policies of the
28 Board of Trustees; and

29 (3) bonding for employees of the State Retirement Agency in the form
30 and amount required by law.

31 (c) (1) Subject to subsection (d) of this section, the Board of Trustees shall
32 adopt an investment policy manual that details:

1 (i) the functions of the Investment Division of the State
2 Retirement Agency;

3 (ii) the goals and objectives of the several investment programs;
4 and

5 (iii) the policies that govern the selection and retention of
6 investments.

7 (2) The Investment Committee shall:

8 (i) prepare and maintain the investment policy manual; and

9 (ii) submit the investment policy manual, and any subsequent
10 amendments to the manual, to the Board of Trustees for approval.

11 (d) (1) (i) Consistent with minority business purchasing standards
12 applicable to units of State government under the State Finance and Procurement
13 Article and consistent with the fiduciary duties of the Board of Trustees, the Board of
14 Trustees shall direct the Investment Committee to attempt to use to the greatest
15 extent feasible minority business enterprises to provide brokerage and investment
16 management services to the Board.

17 (ii) For purposes of this subsection, brokerage and investment
18 management services shall include services relating to all allocated asset classes.

19 (2) (i) To assist it in achieving the goal described under paragraph
20 (1) of this subsection, the Investment Committee shall undertake measures to remove
21 any barriers that limit full participation by minority business enterprises in brokerage
22 and investment management services opportunities afforded under this title.

23 (ii) The measures undertaken by the Investment Committee
24 shall include the use of a wide variety of media, including the State Retirement
25 Agency's website, to provide notice to a broad and varied range of potential providers
26 about the brokerage and investment management services opportunities afforded by
27 the State Retirement Agency.

28 (3) In consultation with the Governor's Office of Minority Affairs and
29 the Investment Committee, the Board of Trustees shall develop guidelines to assist
30 the Investment Committee in identifying and evaluating qualified minority business
31 enterprises in order to help the State Retirement Agency achieve the objective for
32 greater use of minority business enterprises for brokerage and investment
33 management services.

34 (4) On or before September 1 each year, the Investment Committee
35 shall submit a report to the Board of Trustees, the Governor's Office of Minority

1 Affairs and, subject to § 2–1246 of the State Government Article, the General
2 Assembly on:

3 (i) the identity of the minority business enterprise brokerage
4 and investment management services firms used by the Investment Committee in the
5 immediately preceding fiscal year;

6 (ii) the percentage and dollar value of the assets that are under
7 the control of the Investment Committee that are under the investment control of
8 minority business enterprise brokerage and investment management services firms
9 **FOR EACH ALLOCATED ASSET CLASS**; and

10 (iii) the measures the Investment Committee undertook in the
11 immediately preceding fiscal year in accordance with paragraph (2)(ii) of this
12 subsection.

13 35–302.

14 (A) Assets of the supplemental retirement plans may be deposited and
15 invested in accordance with the investment elections allowed under the supplemental
16 retirement plans notwithstanding any other law limiting the types of investments that
17 may be made with State funds or imposing conditions on the deposit of State funds.

18 (B) (1) (I) **THE BOARD SHALL ATTEMPT TO USE TO THE GREATEST**
19 **EXTENT FEASIBLE MINORITY BUSINESS ENTERPRISES TO PROVIDE BROKERAGE**
20 **AND INVESTMENT MANAGEMENT SERVICES TO THE BOARD CONSISTENT WITH**
21 **MINORITY BUSINESS PURCHASING STANDARDS APPLICABLE TO UNITS OF STATE**
22 **GOVERNMENT UNDER THE STATE FINANCE AND PROCUREMENT ARTICLE AND**
23 **CONSISTENT WITH THE FIDUCIARY DUTIES OF THE BOARD.**

24 (II) **FOR PURPOSES OF THIS SUBSECTION, BROKERAGE AND**
25 **INVESTMENT MANAGEMENT SERVICES SHALL INCLUDE SERVICES RELATING TO**
26 **ALL ALLOCATED ASSET CLASSES.**

27 (2) (I) **TO ASSIST IT IN ACHIEVING THE GOAL DESCRIBED**
28 **UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE BOARD SHALL UNDERTAKE**
29 **MEASURES TO REMOVE ANY BARRIERS THAT LIMIT FULL PARTICIPATION BY**
30 **MINORITY BUSINESS ENTERPRISES IN BROKERAGE AND INVESTMENT**
31 **MANAGEMENT SERVICES OPPORTUNITIES AFFORDED UNDER THIS TITLE.**

32 (II) **THE MEASURES UNDERTAKEN BY THE BOARD SHALL**
33 **INCLUDE THE USE OF A WIDE VARIETY OF MEDIA, INCLUDING THE ~~STATE~~**
34 **~~RETIREMENT AGENCY'S~~ MARYLAND TEACHERS AND STATE EMPLOYEES**
35 **SUPPLEMENTAL RETIREMENT PLANS' WEB SITE, TO PROVIDE NOTICE TO A**
36 **BROAD AND VARIED RANGE OF POTENTIAL PROVIDERS ABOUT THE BROKERAGE**

1 AND INVESTMENT MANAGEMENT SERVICES OPPORTUNITIES AFFORDED BY THE
2 ~~STATE RETIREMENT AGENCY~~ MARYLAND TEACHERS AND STATE EMPLOYEES
3 SUPPLEMENTAL RETIREMENT PLANS.

4 (3) IN CONSULTATION WITH THE GOVERNOR'S OFFICE OF
5 MINORITY AFFAIRS, THE BOARD SHALL DEVELOP GUIDELINES TO ASSIST THE
6 BOARD IN IDENTIFYING AND EVALUATING QUALIFIED MINORITY BUSINESS
7 ENTERPRISES IN ORDER TO HELP THE ~~STATE RETIREMENT AGENCY~~ MARYLAND
8 TEACHERS AND STATE EMPLOYEES SUPPLEMENTAL RETIREMENT PLANS
9 ACHIEVE THE OBJECTIVE FOR GREATER USE OF MINORITY BUSINESS
10 ENTERPRISES FOR BROKERAGE AND INVESTMENT MANAGEMENT SERVICES.

11 (4) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE BOARD SHALL
12 SUBMIT A REPORT TO THE GOVERNOR'S OFFICE OF MINORITY AFFAIRS AND,
13 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
14 ASSEMBLY ON:

15 (I) THE IDENTITY OF THE MINORITY BUSINESS
16 ENTERPRISE BROKERAGE AND INVESTMENT MANAGEMENT SERVICES FIRMS
17 USED BY THE BOARD IN THE IMMEDIATELY PRECEDING FISCAL YEAR;

18 (II) THE PERCENTAGE AND DOLLAR VALUE OF THE ASSETS
19 THAT ARE UNDER THE CONTROL OF THE BOARD THAT ARE UNDER THE
20 INVESTMENT CONTROL OF MINORITY BUSINESS ENTERPRISE BROKERAGE AND
21 INVESTMENT MANAGEMENT SERVICES FIRMS FOR EACH ALLOCATED ASSET
22 CLASS; AND

23 (III) THE MEASURES THE BOARD UNDERTOOK IN THE
24 IMMEDIATELY PRECEDING FISCAL YEAR IN ACCORDANCE WITH PARAGRAPH
25 (2)(II) OF THIS SUBSECTION.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 October 1, 2012.